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**HEADLINE:** Lower Expectations for Higher Education?

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**BODY:**

In statehouses all over America this spring, politicians once again wrestled with the vexing problem of how to fund higher education. Their deliberations took place against a backdrop of finger-pointing and pain, as they searched for someone to blame for skyrocketing tuition. There are plenty of candidates, including the states, the federal government, universities and students themselves.

But I worry that amid the din of recrimination, a major point is being lost: Our cherished higher education system, once a source of national pride and international envy, is now threatened with what I call "graceful decline." Unless this threat is addressed, we face the likely prospect that our leadership in the knowledge-based economy will erode. If we lose that edge, we won't be able to sustain our extraordinary standard of living.

Since the middle of the last century, we have funded public higher education based on models that reflected a prevailing societal consensus. Each model has held for about 25 to 30 years, until either the consensus changed or the model could no longer be sustained. Our current funding model is now at the point of collapse. It's time to ask: Where do we go from here?

The first model, adopted right after World War II, was the "public good" model. It was based on a consensus that higher education provided benefits that would be shared widely across all of society. It was marked by broad support from the states and the federal government, demonstrated by the creation of the G.I. Bill to provide tuition assistance to military veterans; the passage of the National Defense Education Act; and draft deferments and scholarships (rather than debt) for those who went on to college.

This model became embedded over time in a society that saw value in big business and big government and the roles they played in President Lyndon B. Johnson's Great Society and in supporting our national defense. While it lasted, from the late 1940s until the 1970s, our university systems, as well as graduate programs and research, expanded significantly.

But by the early 1970s, the consequences of the Vietnam War and government scandals had begun to turn society away from the ideals this model represented. Big business and government did not seem so obviously good anymore. Also, university students came to be seen as privileged: exempt from military service, protesting against the government and the war, while benefiting personally from their education through high-salary jobs and excellent career opportunities.

Economic downturns resulting from the oil crisis of the mid-1970s and the stock market stumble in 1974 also drove the public to reassess the national consensus. By the end of the decade, the public-good model had essentially collapsed.

The model that followed was the current "personal benefit" model. It was based on a new consensus that higher education benefits both the student and society. Once higher ed became partly a personal benefit, the beneficiary was expected to pay for part of it. This was the proverbial camel's nose under the tent. Over time, as this model became established, the personal share of the cost for higher education steadily increased, while societal backing through state and federal taxes decreased.

This model has been evolving since about 1980. The results? Over the past quarter-century, tuition and fees have risen steadily to pay for an ever larger fraction of the cost of education. Meanwhile, the fraction of state budgets dedicated to funding higher education has commensurately decreased, as has the fraction of university operating budgets supported by the states. Federal Pell grant support has not kept up, and federal loans have largely replaced scholarships. At the same time, the number of students in higher education has grown; in 2000, there were 25 percent more than there had been two decades earlier. Student demand for quality higher education is high and unequivocal, and students have been willing to pay for it. Universities have responded by creating programs of higher quality -- and higher cost -- than existed before. There is virtually no market for low-cost, low-quality higher education.

The personal-benefit model has been sustained by student debt. Americans have demonstrated a willingness to take on debt to get what they want. They assume mortgages and credit card debt, and they are willing to do the same for higher education. The first to incur debt were medical students, whose high educational costs and high-income potential led to loans as a financing mechanism. Now loans have become the primary funding source for undergraduate students as well. Nearly two-thirds of the nation's new graduates are in debt. In 2002, the average nationwide debt was \$18,900, up from \$11,400 in 1997. In 2003, the average debt after four years at the University of Maryland was \$13,700 for state residents and \$19,900 for out-of-state students.

With debt burdens on this scale, we shouldn't be surprised that PhD programs have become less attractive, as have fields with lower earning potential such as teaching and government service, a public policy tragedy that will soon become apparent to everyone. But that issue aside, can a new graduate without a great job pay back this debt? Many cannot. The debt burden has already become unmanageable -- defined as debt payments that exceed more than 8 percent of income -- for nearly 40 percent of the nation's graduates. It is a particular burden for those least able to afford it, whose realization of the American dream relies on quality education. Fifty-five percent of African American and 58 percent of Hispanic graduates have unmanageable debt.

Without the capacity for increased debt, the personal-benefit model has to break down -- and it is doing so. Now the question is: What model will replace it?

From here we can only speculate. It's risky to base future predictions on current circumstances, but here goes. First, remember that these models have always been rooted in values endorsed by society. So, what are society's values today?

As I see it, there is no taste in our present culture for increased taxes to support higher education at the state and

federal levels. I see no general alarm about the fate of higher education and no belief in its value sufficient to lift it to a top national priority. I don't believe the nation will borrow to fund higher ed as it does to pay for national security. And society has become tax-averse, opting instead to impose fees for services -- as we do on everything from motor vehicle registration to recreational licenses -- to raise revenues.

Accordingly, we should expect continued government reluctance to increase funding at both the state and federal levels, and more and larger fees for the beneficiaries of university services. This means not only students, but also neighboring communities, which have so far enjoyed many services -- from assistance to businesses and local governments and schools to informational and research services -- essentially free of charge.

The consequences for public higher education are significant. If the federal and state governments continue to shift university financing to the universities, then access and/or quality will drop across the board. Those few universities that try to maintain high quality will have to keep increasing tuition, along with their fundraising, and will have to engage in a never-ending quest for greater efficiency by reducing programs and services. A student's ability to pay will become an ever larger factor in gaining access to a quality education.

My guess, though, is that the large majority of universities will opt to maintain access at lower tuition rates and that, as a consequence, quality will decline. In the access-vs.-quality equation, access will eventually win the day, because policymakers can understand it and measure it, whereas quality remains an abstract idea that can be ignored until it is too late to save it. This leads to what I call the "graceful decline model," and we find ourselves at the beginning of it today.

Can we stop this decline in quality higher education?

If we accept that the answer is "no," then we can simply let the market take its course. But if we insist that the answer must be "yes," then much needs to be done -- and fast -- to turn public opinion in support of higher education.

Above all, we must make what is at stake crystal clear. The leading beneficiaries of higher education, from students and industrial leaders to the guardians of security and community leaders, need to rally to this issue. The media and public policy institutions must engage in discussing and combating this sobering crisis.

On the campus, each university needs to reassess its mission and find a balance between program quality and access. We have to step away from the fantasy that both can be maintained at current levels as support declines. Hope is not a strategy when there is so much at risk. Each university must consider charging fees for programs and services often provided at little or no cost.

Most of all, universities have to recognize that public funding for public higher education, as the dominant source of support, has come to the end of its cycle. As we move forward, public universities will have to look to fundraising, entrepreneurial ventures, partnership agreements and tuition fees to find the money for their operating costs.

We are entering a new era in American higher education, one that gives me great concern. I don't like what it portends for the citizens of our country, nor indeed for the future of our country. But I accept the challenge that faces us now -- to continue to fulfill higher education's responsibilities even as we work to draw attention to the potential consequences of its decline.

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